

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:2780
ANSWERED ON:11.08.2005
INVESTMENT IN DABHOL POWER PROJECT BY GAIL
Singh Shri Suraj

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether GAIL (India) Ltd. has any plan to invest in Dabhol Power Project;
- (b) if so the details thereof;
- (c) whether necessary permission/clearance from the Ministry has been taken by the GAIL in this regard;
- (d) if so, the details thereof;
- (e) if not, whether the GAIL is violating the guidelines of the Ministry for participating in Dabhol Power Project ; and
- (f) if so, the reasons therefor?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b): An empowered Group of Ministers (EGoM) has been constituted to take steps to restructure and revive the Dabhol Project. The restructuring plan developed by the EGoM envisage the formation of a Project SPV consisting of GAIL, NTPC and Indian Lenders with an equity infusion of Rs.500 crore each.

Accordingly, the Project SPV, called the Ratnagiri Gas and Power Private Limited (RGPPL), has been formed and incorporated by GAIL and NTPC as a 50:50 joint venture. RGPPL is to take over the assets of the Dabhol Project free from all encumbrances through the Debt Recovery Tribunal (DRT)/Court process and thereafter complete, commission and operate the project. The equity structure of RGPPL will subsequently get altered after the Indian Lenders and Maharashtra State Electricity Board (MSEB) join RGPPL.

(c) & (d): The GAIL Board has approved an investment of Rs.500 crore in the equity share capital of RGPPL. While approving the proposal, the GAIL Board has laid down a set of conditions which need to be fulfilled before GAIL's equity contribution can be irreversibly consumed in the joint venture. These conditions primarily relate to adoption of safeguards on certain issues which affect the economic viability of the project.

The Ministry of Petroleum and Natural Gas has conveyed to GAIL that the EGoM, in their meeting held on 9.7.2005, have relaxed as a one time measure, the existing investment limit of Rs.200 crore for Navratna companies for investment/acquisition in the Dabhol Power Project and have authorized Navratna Boards to take a decision in the matter. Accordingly, GAIL Board is authorized to take a decision in the matter.

(e) & (f): Do not arise.